



This 1 Top TSX Stock Has Broken its Own Records 13 Months in a Row

Description

Canadian National Railway ([TSX:CNR](#))([NYSE:CNI](#)) is one of the dark horses on the TSX, quietly making massive profits for long-term investors through the last couple of decades. This firm has increased its dividends at a CAGR of 16% from 1995 to 2019 — an impressive feat on its own.

Despite challenging weather conditions and pandemic-induced lockdowns, CN Rail just posted a 13th consecutive monthly volume record. Here's my take on why this transportation stock is an [intriguing pick](#) for truly long-term investors.

Canadian railroads show strength

Any business or sector that sees a string of continuous record months ought to be looked at. In the case of CN, the numbers are pretty impressive.

March 2021 was the 13th consecutive record-beating month in a row for CN in which the railroad carried 2.95 million tonnes of grain. This blew away the previous record of 2.74 million tonnes. On a year-over-year basis, volumes are up 8.8%, and compared to the three-year average of 2.47 million tonnes/month, volumes are up 19%.

Grain was a big driver of these volumes, up 19% from the record posted two years ago. A bumper crop year combined with higher commodity prices have resulted in larger quantities of bulk commodities being shipped this year. Accordingly, CN has been a beneficiary of these sector-specific tailwinds.

Core fundamentals remain strong

At its core, Canadian National is a well-established, well-run firm in one of the most critical industries in the country. The company is actively involved in moving goods for sectors driving a significant percentage of Canada's resource economy. These include commodities such as grains, petroleum, forest products, and metals across 20,000 miles of track.

CN has been working on improving its operating efficiencies and expanding margins over time. As volumes increase, the company becomes much more profitable, and is deserving of its higher multiple.

This higher profit and cash flow generation also has allowed CN to pay fantastic, growing dividends every year. It's one of those multi-generational purchases that investors make to pass down to their grandkids. Indeed, CN's current yield of 1.7% isn't impressive on its face. However, when one considers the growth rate of its dividend over the years, this is really an income play in disguise.

Bottom line

CN Rail is one of the best long-term holdings Canadian investors can pursue today.

The company's cash flow generation has continued to show impressive strength of late, as the economy looks to recover from the pandemic. For those seeking a truly long-term bet on the strength of the North American economy, this is it.

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Date

2025/08/18

Date Created

2021/04/16

Author

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